



GOVERNMENT OF GUAM

OTHER POSTEMPLOYMENT BENEFITS PROGRAM

FINANCIAL REPORTING AND DISCLOSURES

Governmental Accounting Standards Board

Statement 75

Disclosures Measured as of September 30, 2017

KMS Actuaries, LLC
814 Elm Street, Suite 204
Manchester, NH 03101

December, 2018



December 13, 2018

Mr. Edward M. Birn
Director
Government of Guam
ITC Building, 2nd Floor, Suite 224
590 South Marine Corps Drive
Tamuning, Guam 96913

Dear Edward:

We are pleased to present the enclosed report of the September 30, 2016 actuarial valuation of the retiree health care benefits for the Government of Guam. The valuation was prepared in accordance with, and for the purpose of financial reporting and disclosures as of September 30, 2017, under the following Government Accounting Standards Board (GASB) Statement:

- ◆ GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)

The Principal Valuation Results, including assets, liabilities and the development of future contributions, are provided in Section 1. The Notes to the Financial Statements and the Required Supplementary Information are provided in Sections 2 and 3, respectively. Employer Reporting Amounts under GASB 75 are provided in Section 4. The Summary of Plan Provisions and Actuarial Assumptions and Methods are shown in Sections 5 and 6, respectively. Section 7 summarizes the demographic profile of active members and retired members, covered spouses and survivors. Finally, a Glossary of Terms is provided in Section 8 and governmental agency breakouts are included in Section 9.

This report considers only Postemployment Benefits Other Than Pensions, and not pension-like benefits such as supplemental pension benefits and pension Cost of Living Adjustments, even though such benefits are provided outside of the Government of Guam Retirement Fund.

Our calculations are based on member census data and other information provided by the Government of Guam as well as health plan rates provided by the Government of Guam. Although we did not audit the data used in the valuation and disclosure calculations, we believe that the information is complete and reliable.

Liabilities presented in this report are based on a discount rate of 3.63%, the rate that reflects a tax-exempt, high quality municipal bond rate. The municipal bond rate of 3.63% is based on the Bond Buyer 20-Bond GO Index published on September 30, 2017.

K M S A C T U A R I E S

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This report was completed in accordance with generally accepted actuarial standards and procedures, and conforms to the Code of Professional Conduct of the American Academy of Actuaries. The actuarial assumptions other than those explicitly applicable to the postemployment benefit plans are consistent with those used by the Government of Guam Retirement Fund's actuaries for the Retirement System pension valuations.

Future actuarial valuation results may differ significantly from the current results presented in this report. Examples of potential sources of volatility include plan experience differing from that anticipated by the economic or demographic assumptions, the effect of new entrants, changes in economic or demographic assumptions, the effect of law changes and the delayed effect of smoothing techniques.

Our valuation follows generally accepted actuarial methods and we perform such tests as we consider necessary to assure the accuracy of the results. The amounts presented in this report have been appropriately determined according to the actuarial assumptions and methods stated herein.


This report is intended for the sole use of the Government of Guam and is intended to provide information to comply with the stated purpose of the report. It may not be appropriate for other purposes.

The undersigned credentialed actuaries are Members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries necessary to render the actuarial opinion contained herein. They are available to answer any questions with regard to this report.

Respectfully submitted,



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EXECUTIVE SUMMARY

This report presents the results of the actuarial valuation of the Government of Guam's retiree health care benefits as of September 30, 2016. The valuation was prepared in accordance with, and for the purpose of financial reporting and disclosures as of September 30, 2017, under the following Government Accounting Standards Board (GASB) Statement:

- ◆ GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (GASB 75)

The results as of the measurement date are based on a roll forward of the liabilities developed in the most recent actuarial valuation.

New Accounting Standards

In June 2015, the GASB approved two related Statements that significantly changed the way other postemployment benefits (OPEB) plans and governments account and report OPEB liabilities. Effective for plans with fiscal years beginning after June 15, 2016, GASB Statement No. 74 (GASB 74), *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, replaced the requirements of Statement No. 43 and effective for employers with fiscal years beginning after June 15, 2017, GASB Statement No. 75 (GASB 75), *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, replaced the requirements of Statement No. 45.

GASB 74 requires OPEB plans to present a statement of fiduciary net position (OPEB plan assets) and a statement of changes in fiduciary net position. Further, the statement requires that notes to financial statements include descriptive information such as the types of benefits provided, the classes of plan members covered and the authority under which benefit terms are established or may be amended. Finally, GASB 74 requires OPEB plans to present in required supplementary information the sources of the changes in the net OPEB liability and information about the actuarially determined contributions compared with the actual contributions made to the plan and related ratios.

GASB 74 and GASB 75 require projected benefit payments be discounted to their actuarial present value using the single rate that reflects:

- (1) a long-term expected rate of return on OPEB plan investments *to the extent that the OPEB plan's assets are sufficient to pay benefits and OPEB plan assets are expected to be invested using a strategy to achieve that return and*
- (2) a tax-exempt, high-quality municipal bond rate *to the extent that the conditions for use of the long-term expected rate of return are not met.*

GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and OPEB expense by state and local governments.

EXECUTIVE SUMMARY

Government of Guam Other Postemployment Benefits Program

The effective date for GASB 75 is for fiscal years beginning after June 15, 2017, which is the fiscal year ending September 30, 2018 for the Government of Guam.

GASB 75 allows for a measurement of the Total OPEB Liability no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. The Government of Guam has elected to report results under GASB 75 with a measurement date of September 30, 2017 for the September 30, 2018 reporting date, the earliest measurement date permitted.

Summary of Results

A summary of principal results from the current and prior measurement dates follows:

Measurement Date	<u>September 30, 2017</u>	<u>September 30, 2016</u>	<u>Increase/ (Decrease)</u>
Valuation Date	September 30, 2016	September 30, 2016	
Membership Data as of Valuation Date			
Active Plan Members	10,282	10,282	
Inactive Plan Members	7,342	7,342	
Total Plan Members	17,624	17,624	
Covered Payroll as of Valuation Date	474,098,955	474,098,955	
Valuation Results (GASB 75)			
Total OPEB Liability	\$2,431,048,672	\$2,532,753,040	(4.0%)
Discount rate	3.630%	3.058%	
OPEB Expense	\$192,253,885	\$213,772,155	
Deferred Outflows	\$180,762,485	\$225,728,278	
Deferred Inflows	\$208,321,792	\$0	

EXECUTIVE SUMMARY

Experience Gain and Loss

In developing the Total OPEB Liability, various assumptions are made regarding future premium rates, mortality, retirement, disability and turnover rates. A comparison of the results of the current and prior measurements is made to determine how closely actual experience relates to expected. For the current measurement period, there is no experience gain or loss as the Total OPEB liability was developed from a roll forward of results of the most recent valuation.

Changes of Assumptions

The discount rate changed from 3.058% as of September 30, 2016 to 3.63% as of September 30, 2017. All other assumptions were the same as those used in the previous measurement. All of the assumptions used in this valuation are shown in Section 6, Actuarial Assumptions and Methods.

Changes of Benefit Terms

All benefit terms are the same as those used in the prior measurement. A summary of the principal plan provisions is provided in Section 5, Summary of Plan Provisions.

Total OPEB Liability

The Total OPEB Liability as of the current measurement date, September 30, 2017, is \$2,431,048,672. The Total OPEB Liability as of the prior measurement date, September 30, 2016, was \$2,532,753,040. The development of the Total OPEB Liability for the current and prior measurement dates is shown in Section 1, Exhibit 1.1.

Employer Future Period Contributions

No employer contributions are assumed to be made since an OPEB trust has not been established.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.63%. As of the September 30, 2017 measurement date, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 3.63% municipal bond rate was applied to all periods to determine the total OPEB liability.

OPEB Expense

The OPEB Expense as of the current measurement date, September 30, 2017, is \$192,253,885. The development of the OPEB expense for the current measurement date is shown in Section 4, Exhibit 4.2.

SECTION 1 - PRINCIPAL VALUATION RESULTS

Exhibit 1.1 - Total OPEB Liability

The Total OPEB Liability, developed using the Entry Age Normal funding method, is the portion of the actuarial present value of projected benefit payments that is attributed to past periods of member service. The total OPEB liability as of the September 30, 2017 measurement date was developed from an actuarial valuation as of September 30, 2016 and rolled forward to the OPEB plan's fiscal year-end.

The Service Cost is the portion of the actuarial present value of projected benefit payments that is attributed to a valuation year. Only active employees who have not reached the age at which the probability of retirement is 100% incur a service cost.

Actuarial gains and losses arise from the difference between estimates and actual experience, excluding amounts related to benefit changes and changes in assumptions or other inputs.

The development of the Total OPEB Liability from the beginning of the measurement period, September 30, 2016 to the end of the measurement period, September 30, 2017 is shown below:

<u>Measurement Date</u>	<u>September 30, 2017</u>
1. Total OPEB Liability, beginning of year:	
a. Actives	\$ 1,519,798,358
b. Retirees, Covered Spouses and Survivors	1,012,954,682
c. Total OPEB Liability at 3.058% (a. + b.)	\$ 2,532,753,040
2. Service Cost	\$ 108,634,675
3. Expected Benefit Payments	
a. Current retirees	\$ (36,854,954)
b. Future retirees	(3,815,714)
c. Total (a. + b.)	\$ (40,670,668)
4. Interest [3.058% x (1.c. + 2. + .5 x 3.c)]	\$ 80,151,782
5. Changes of benefit terms	\$ -
6. Differences between expected and actual experience	\$ -
7. Changes of assumptions or other inputs	\$ (249,820,157)
8. Total OPEB Liability, end of year (1.c. + 2. + 3.c. + 4. + 5. + 6. + 7.)	
a. Actives	\$ 1,496,996,336
b. Retirees, Covered Spouses and Survivors	934,052,336
c. Total OPEB Liability at 3.63% (a. + b.)	\$ 2,431,048,672

SECTION 1 - PRINCIPAL VALUATION RESULTS

Exhibit 1.2 - Development of Actuarially Determined Contributions

No employer contributions are assumed to be made since an OPEB trust has not been established.

The Actuarially Determined Employer Contribution (ADEC) of the employer equals the Normal Cost plus a provision for amortizing the Unfunded Actuarial Accrued Liability. We have assumed level dollar amortization over an amortization period of 30 years.

Fiscal Year Ending	September 30, 2017
Discount Rate	3.058%
1. Normal Cost	\$108,634,675
2. Unfunded Actuarial Accrued Liability, Beginning of Year	
a. Actuarial Accrued Liability	\$2,532,753,040
b. Actuarial Value of Plan Assets	\$0
c. Unfunded Actuarial Accrued Liability	\$2,532,753,040
3. Amortization of Unfunded Actuarial Accrued Liability	
a. Unfunded Actuarial Accrued Liability	\$2,532,753,040
b. Amortization Period in years	30
c. Payroll Growth Rate	0.0%
d. Amortization Factor	20.05
e. Amortization Amount (3.a. / 3.d.)	\$126,321,847
4. Interest on 1. and 3.e.	\$7,184,970
5. Actuarially Determined Employer Contribution (1. + 3.e. + 4.)	\$242,141,492
7. Expected Benefit Payments	\$40,670,668

SECTION 2 - NOTES TO THE FINANCIAL STATEMENTS

Exhibit 2.1 - Plan Description

Plan administration:

The Government of Guam administers the retiree health care benefits program - an agent-multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible employees.

Plan membership:

At September 30, 2016, OPEB plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments ¹	7,342
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	10,282
	17,624

¹Per paragraph 34a of GASB 74 and further clarified by Question 4.67 of the 2017-2 GASB 74 Implementation Guide, the total shown for inactive plan members or beneficiaries currently receiving benefit payments does not include covered spouses or other dependents.

Benefits provided:

The Government of Guam provides postemployment medical, dental and life insurance benefits to Government retirees, spouses, children and survivors. Active employees and retirees who waive medical and dental coverage are considered eligible for the life insurance benefit only. GovGuam contributes a portion of the medical and dental premiums, based on a schedule of semi-monthly rates, and reimburses certain Medicare premiums to eligible retirees. Retirees are also required to pay a portion of the medical and dental insurance premiums. The benefit provisions are detailed in Section 5 - Summary of Plan Provisions.

Contributions:

No employer contributions are assumed to be made since an OPEB trust has not been established.

SECTION 2 - NOTES TO THE FINANCIAL STATEMENTS

Exhibit 2.2 - Total OPEB Liability

Actuarial assumptions:

The total OPEB liability was determined by an actuarial valuation as of September 30, 2016, rolled forward to the measurement date using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Discount rate	3.63%, net of investment expenses, including inflation
Healthcare cost trend rate	8 percent for 2016, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent for 2030 and later years.
Healthy Retiree mortality rates	RP-2000 Combined Healthy Mortality Table, set forward 4 years and 1 year for males and females, respectively.
Disabled Retiree mortality rates	RP-2000 Disabled Mortality Table for males and females.

Discount rate:

The discount rate used to measure the total OPEB liability was 3.63%. The projection of cash flows used to determine the discount rate assumed that contributions from the Government will be made in accordance with the plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments of current plan members. Therefore, the 3.63% municipal bond rate was applied to all periods to determine the total OPEB liability.

SECTION 2 - NOTES TO THE FINANCIAL STATEMENTS

Exhibit 2.2 - Total OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability calculated using the current discount rate of 3.63 percent, as well as what the total OPEB liability would be if it were calculated using a discount rate 1-percentage point lower (2.63 percent) or 1-percentage point higher (4.63 percent) than the current rate:

	<u>1% Decrease 2.63%</u>	<u>Discount Rate 3.63%</u>	<u>1% Increase 4.63%</u>
Total OPEB Liability	\$ 2,889,874,882	\$ 2,431,048,672	\$ 2,063,028,770

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7% year 1 decreasing to 3.5%) or 1-percentage point higher (9% year 1 decreasing to 5.5%) than the current healthcare cost trend rates:

	<u>1% Decrease 7% Year 1 Decreasing to 3.5%</u>	<u>Healthcare Cost Trend Rates 8% Year 1 Decreasing to 4.5%</u>	<u>1% Increase 9% Year 1 Decreasing to 5.5%</u>
Total OPEB Liability	\$ 1,995,890,497	\$ 2,431,048,672	\$ 2,999,053,425

SECTION 3 - REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 3.1 - Changes in Total OPEB Liability and Related Ratios

Fiscal Year Ended September 30	2017	2016
Total OPEB Liability		
Service cost	\$ 108,634,675	\$ 87,158,663
Interest	80,151,782	81,647,699
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(249,820,157)	270,694,071
Benefit payments	(40,670,668)	(40,670,668)
Net change in total OPEB liability	\$ (101,704,368)	\$ 398,829,765
Total OPEB liability—beginning	\$ 2,532,753,040	\$ 2,133,923,275
Total OPEB liability—ending (a)	\$ 2,431,048,672	\$ 2,532,753,040
 Covered payroll as of valuation date	 \$ 474,098,955	 \$ 474,098,955
 Total OPEB liability as a percentage of covered payroll	 512.77%	 534.22%

Notes to Schedule:

Discount rate: 3.63% 3.058%

Changes of benefit terms:
None.

Changes of assumptions:
Since the last measurement date, the discount rate changed from 3.058% to 3.63%.

SECTION 3 - REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 3.2 - Schedule of Employer Contributions

Fiscal Year Ended September 30	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 242,141,492	\$209,503,758
Contributions in relation to the actuarially determined contribution	<u>\$ 40,670,668</u>	<u>\$ 40,670,668</u>
Contribution deficiency (excess)	<u>\$ 201,470,824</u>	<u>\$168,833,090</u>
Covered payroll as of valuation date	\$ 474,098,955	\$474,098,955
Contributions as a percentage of covered payroll	8.58%	8.58%
Discount rate	3.058%	3.71%

Notes to Schedule

Valuation date:

Actuarially determined contributions are determined as of October 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used in calculations of actuarially determined contributions:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar amount over 30 years on an open amortization period
Amortization period	30 years
Asset valuation method	Market value
Inflation	3 percent
Healthcare cost trend rates	8 percent for 2016, decreasing 0.25 percent per year to an ultimate rate of 4.5 percent for 2030 and later years.

SECTION 4 - EMPLOYER REPORTING AMOUNTS UNDER GASB 75

Exhibit 4.1 - Deferred Outflows and Deferred Inflows of Resources

Deferred Outflows of Resources and Deferred Inflows of Resources arising from differences between expected and actual experience are recognized in OPEB Expense over the average expected remaining service life of all active and inactive participants.

Year	Experience Losses (a)	Experience Gains (b)	Amounts Recognized in OPEB Expense through September 30, 2017 (c)	Balances at September 30, 2017	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2016	\$ -	\$ -	\$ -	\$ -	\$ -
2017	\$ -	\$ -	\$ -	\$ -	\$ -
Total				<u>\$ -</u>	<u>\$ -</u>

Deferred Outflows of Resources and Deferred Inflows of Resources arising from changes of assumptions are recognized in OPEB Expense over the average expected remaining service life of all active and inactive participants.

Year	Increases in the Total OPEB Liability (a)	Decreases in the Total OPEB Liability (b)	Amounts Recognized in OPEB Expense through September 30, 2017 (c)	Balances at September 30, 2017	
				Deferred Outflows of Resources (a) - (c)	Deferred Inflows of Resources (b) - (c)
2016	\$ 270,694,071	\$ -	\$ 89,931,586	\$180,762,485	\$ -
2017	\$ -	\$ 249,820,157	\$ (41,498,365)	\$ -	\$ 208,321,792
Total				<u>\$180,762,485</u>	<u>\$ 208,321,792</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources will be recognized in OPEB expense as follows:

Year ended September 30		
2018	\$	3,467,428
2019	\$	3,467,428
2020	\$	3,467,428
2021	\$	3,467,428
2022	\$	(40,599,052)
Thereafter		(829,967)

SECTION 4 - EMPLOYER REPORTING AMOUNTS UNDER GASB 75

Exhibit 4.2 - OPEB Expense

The OPEB Expense and deferred outflows and inflows of resources primarily result from changes in the components of the total OPEB liability (TOL). Most changes in the TOL are included in the OPEB Expense in the period of the change, including service cost, interest on total OPEB liability and changes in benefit terms. Other changes in the total OPEB liability are included in OPEB Expense over the current and future periods. These include the effects on the total OPEB liability of changes of economic and demographic assumptions and differences between expected and actual experience. The OPEB Expense for the reporting period ending September 30, 2018 is presented below:

Fiscal Reporting Year Ended September 30		2018 *
Measurement date		9/30/2017
1. Service cost		\$ 108,634,675
2. Interest on the total OPEB liability		
a. Total OPEB liability, beginning of year	2,532,753,040	
b. Service cost, beginning of year	108,634,675	
c. Benefit payments	<u>(40,670,668)</u>	
d. Interest on total OPEB liability = 3.058% times (a. + b. + .5 times c.)		80,151,782
3. Differences between expected and actual experience		-
4. Changes of benefit terms		-
5. Changes of assumptions		3,467,428
6. Total OPEB Expense		<u><u>\$ 192,253,885</u></u>

* GASB 75 permits measurement of the Total OPEB Liability no earlier than the end of the employer's prior fiscal year and no later than the end of the employer's current fiscal year, consistently applied from period to period. The Government of Guam has elected to measure the Total OPEB Liability for the September 30, 2018 reporting date as of September 30, 2017. OPEB Expense for the September 30, 2018 reporting period has been developed using a measurement date of September 30, 2017.

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Retirement Eligibility:	<p>To participate in the GovGuam Group Health Insurance program, an employee must retire under the eligibility requirements set forth below:</p> <p>Hired prior to October 1, 1981: Age 60 or over, at least 25 years of service, or for uniformed personnel, age 55 with at least 10 years of service.</p> <p>Hired on or after October 1, 1981 and prior to August 22, 1984: Age 60 or over, at least 30 years of service, or for uniformed personnel, age 55 with at least 15 years of service.</p> <p>Hired on or after August 22, 1984: Age 65 or over, at least 30 years of service, or for uniformed personnel, age 60 with at least 15 years of service.</p>
Ordinary Disability Eligibility:	<p>Any member who is unable to perform his or her duties due to a non-occupational disability and has six or more years of creditable service.</p>
Occupational Disability Eligibility:	<p>Any member who is unable to perform his or her duties due to a job-related disability.</p>
Medicare Eligibility:	<p>The Government of Guam began participating in Medicare on September 27, 1998. Guam encourages Medicare-eligible retirees to participate in Medicare, but does not require it. Retirees may elect a Retiree Supplemental Plan if they are enrolled in Medicare Parts A and B. Retirees may also opt, upon eligibility, to enroll their spouse, provided the spouse is enrolled in Medicare Parts A and B.</p>
Medicare Part B and Part D Reimbursements:	<p>Retirees and survivors domiciled on Guam who are eligible to receive Social Security income benefits and who are eligible to enroll in the Government of Guam Group Health Insurance Program are eligible to receive a reimbursement of the Medicare premiums, inclusive of premiums for Medicare Parts B and D. Enrollment in the Government of Guam Health Insurance Program is not required.</p>
Life Insurance Benefit:	<p>Retirees and covered spouses are eligible for a \$10,000 life insurance benefit. Retirees do not share in the cost of this benefit.</p>
Life Insurance Premium:	<p>The total monthly cost is \$15.52 per covered life.</p>

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Continuation of Coverage to Spouse After Death of Retiree: Surviving spouse may continue coverage for lifetime by paying required medical premium rates.

PPACA Excise Tax: The Patient Protection and Affordable Care Act (PPACA) applies a 40% excise tax to the cost of plan benefits in excess of statutory thresholds beginning in 2022. The Government of Guam has represented to us that the PPACA excise tax does not apply to this plan.

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Medical Premium Rates:

The total monthly costs by plan and class as of October 1, 2016 are shown below:

<u>Class</u>	<u>SelectCare 2000</u>			<u>SelectCare 1500</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$650.00	\$0.00	\$650.00	\$849.08	\$71.92	\$921.00
II - Retiree + Spouse	\$1,325.76	\$51.24	\$1,377.00	\$1,751.06	\$204.94	\$1,956.00
III - Retiree + Children	\$878.50	\$42.50	\$921.00	\$1,125.38	\$170.62	\$1,296.00
IV - Retiree + Family	\$1,480.40	\$72.60	\$1,553.00	\$1,897.50	\$285.50	\$2,183.00

<u>Class</u>	<u>TakeCare 2000</u>			<u>TakeCare 1500</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$567.36	\$0.36	\$567.72	\$776.08	\$51.52	\$827.60
II - Retiree + Spouse	\$1,151.42	\$50.42	\$1,201.84	\$1,591.96	\$160.30	\$1,752.26
III - Retiree + Children	\$943.18	\$42.44	\$985.62	\$1,301.46	\$134.74	\$1,436.20
IV - Retiree + Family	\$1,595.60	\$70.06	\$1,665.66	\$2,204.74	\$222.64	\$2,427.38

<u>Class</u>	<u>NetCare 2000</u>			<u>NetCare 1500</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$607.52	\$4.12	\$611.64	\$809.88	\$55.02	\$864.90
II - Retiree + Spouse	\$1,236.54	\$58.16	\$1,294.70	\$1,662.84	\$167.98	\$1,830.82
III - Retiree + Children	\$1,012.76	\$48.96	\$1,061.72	\$1,359.42	\$141.96	\$1,501.38
IV - Retiree + Family	\$1,713.56	\$80.84	\$1,794.40	\$2,303.66	\$233.80	\$2,537.46

<u>Class</u>	<u>SelectCare (RSP)</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$401.00	\$0.00	\$401.00
II - Retiree + Spouse	\$802.00	\$0.00	\$802.00

<u>Class</u>	<u>TakeCare (RSP)</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$520.08	\$0.00	\$520.08
II - Retiree + Spouse	\$1,101.00	\$0.00	\$1,101.00

<u>Class</u>	<u>NetCare (RSP)</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$550.68	\$0.00	\$550.68
II - Retiree + Spouse	\$1,171.76	\$0.00	\$1,171.76

SECTION 5 - SUMMARY OF PLAN PROVISIONS

Dental Premium Rates:

The total monthly costs by plan and class as of October 1, 2016 are shown below:

<u>Class</u>	<u>SelectCare Dental</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$18.60	\$15.40	\$34.00
II - Retiree + Spouse	\$24.86	\$52.14	\$77.00
III - Retiree + Children	\$19.96	\$41.04	\$61.00
IV - Retiree + Family	\$33.62	\$69.38	\$103.00

<u>Class</u>	<u>TakeCare Dental</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$18.60	\$15.14	\$33.74
II - Retiree + Spouse	\$24.86	\$52.44	\$77.30
III - Retiree + Children	\$19.96	\$42.08	\$62.04
IV - Retiree + Family	\$33.62	\$70.88	\$104.50

<u>Class</u>	<u>NetCare Dental</u>		
	<u>GovGuam</u>	<u>Member</u>	<u>Total</u>
I - Retiree Only	\$18.60	\$15.48	\$34.08
II - Retiree + Spouse	\$24.86	\$52.62	\$77.48
III - Retiree + Children	\$19.96	\$42.02	\$61.98
IV - Retiree + Family	\$33.62	\$70.72	\$104.34

SECTION 5 - SUMMARY OF PLAN PROVISIONS

SelectCare Medical Plan Features:

Plan Features	SelectCare 2000		SelectCare 1500		SelectCare RSP	
	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers
Plan Deductible						
Individual	2,000	4,000	1,500	3,000	N/A	N/A
Family	4,000	12,000	3,000	9,000	N/A	N/A
Out of Pocket Maximums						
Individual	4,000	No Maximum	3,000	No Maximum	N/A	N/A
Family	12,000	No Maximum	9,000	No Maximum	N/A	N/A
Coverage Maximums	2,000,000		Unlimited			
Preventive Services	100%	Not Covered	100%	Not Covered		
Immunizations/Vaccinations	100%	Not Covered	100%	Not Covered		
Pre-Natal Care/Well Baby Care	100%	Not Covered	100%	Not Covered		
Outpatient Physician Care & Services						
Primary Care Visits	\$20 Member Copay	Plan pays 50%	\$20 Member Copay	Plan pays 70%	20% co-insurance	Nothing
Specialist Care Visits	\$40 Member Copay	Plan pays 50%	\$40 Member Copay	Plan pays 70%	20% co-insurance	Nothing
Emergency Care	Plan pays 80%	Plan pays 80%	Plan pays 80%	Plan pays 80%	Plan pays 80%	N/A
Prescription Drugs						
Formulary generic drugs	\$15 Member Copay (30 day supply)	Plan pays 50% of average wholesale price	\$15 Member Copay (30 day supply)	Plan pays 50% of average wholesale price	100%	\$15 Member Copay (30 day supply)
Formulary brand name drugs	\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)		100%	\$30 Member Copay (30 day supply)
Non-Formulary drugs	\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)		100%	\$30 Member Copay (30 day supply)
Mail Order	Copay Waived		Copay Waived		100%	Nothing

SECTION 5 - SUMMARY OF PLAN PROVISIONS

TakeCare Medical Plan Features:

Plan Features	TakeCare 2000		TakeCare 1500		TakeCare RSP	
	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers	Member Share Without Part B	Member Share With Part B
Plan Deductible						
Individual	2,000	4,000	1,500	3,000	N/A	N/A
Family	4,000	12,000	3,000	9,000	N/A	N/A
Out of Pocket Maximums						
Individual	4,000	No Maximum	3,000	No Maximum	N/A	N/A
Family	12,000	No Maximum	9,000	No Maximum	N/A	N/A
Coverage Maximums	Unlimited		Unlimited			
Preventive Services	100%	Not Covered	100%	Not Covered		
Immunizations/Vaccinations	100%	Not Covered	100%	Not Covered		
Pre-Natal Care/Well Baby Care	100%	Not Covered	100%	Not Covered		
Outpatient Physician Care & Services						
Primary Care Visits	\$10-\$20 Member Copay	Plan pays 50%	\$10-\$20 Member Copay	Plan pays 70%	\$5 Copay	\$0 After Part B Deductible
Specialist Care Visits	\$40 Member Copay	Plan pays 50%	\$40 Member Copay	Plan pays 70%	\$40 Copay	\$0 After Part B Deductible
Emergency Care	Plan pays 80%	Plan pays 80%	Plan pays 80%	Plan pays 80%	Plan pays 80%	N/A
Prescription Drugs						
Formulary generic drugs	\$15 Member Copay (30 day supply)	Plan pays 50% of average wholesale price	\$15 Member Copay (30 day supply)	Plan pays 50% of average wholesale price	\$5-\$10 Copay	\$0 After Part B Deductible
Formulary brand name drugs	\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)		\$25-\$70 Copay	\$0 After Part B Deductible
Non-Formulary drugs	\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)		\$100-\$120 Copay	\$0 After Part B Deductible
Mail Order	Copay Waived		Copay Waived		\$20-\$200 Copay	\$0 After Part B Deductible

SECTION 5 - SUMMARY OF PLAN PROVISIONS

NetCare Medical Plan Features:

Plan Features	NetCare 2000		NetCare 1500		NetCare RSP	
	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers
Plan Deductible						
Individual	2,000	4,000	1,500	3,000	N/A	N/A
Family	4,000	12,000	3,000	9,000	N/A	N/A
Out of Pocket Maximums						
Individual	4,000	No Maximum	3,000	No Maximum	N/A	N/A
Family	12,000	No Maximum	9,000	No Maximum	N/A	N/A
Coverage Maximums	Unlimited		None			
Preventive Services	100%	Not Covered	100%	Not Covered		
Immunizations/Vaccinations	100%	Not Covered	100%	Not Covered		
Pre-Natal Care/Well Baby Care	100%	Not Covered	100%	Not Covered		
Outpatient Physician Care & Services						
Primary Care Visits	\$20 Member Copay	Plan pays 70%	\$20 Member Copay	Plan pays 70%	20% co-insurance	Nothing
Specialist Care Visits	\$40 Member Copay	Plan pays 70%	\$40 Member Copay	Plan pays 70%	20% co-insurance	Nothing
Emergency Care	Plan pays 80%	Plan pays 80%	Plan pays 80%	Plan pays 80%	Plan pays 80%	N/A
Prescription Drugs						
Formulary generic drugs	\$15 Member Copay (30 day supply)	Plan pays 50% of average wholesale price	\$15 Member Copay (30 day supply)	Plan pays 50% of average wholesale price	\$15 Member Copay (30 day supply)	\$15 Member Copay (30 day supply)
Formulary brand name drugs	\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)	\$30 Member Copay (30 day supply)
Non-Formulary drugs	\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)		\$30 Member Copay (30 day supply)	\$30 Member Copay (30 day supply)
Mail Order	Copay Waived		Copay Waived		100%	Nothing

Dental Plan Features:

Plan Features	SelectCare		TakeCare		NetCare	
	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers	Participating Providers	Non-Participating Providers
Plan Deductible	None		None		None	
Coverage Maximums (per year)	1,000					
Diagnostic & Preventive care	100%	70%	100%	70%	100%	70%
Basic & Restorative Care	80%	70%	80%	70%	80%	70%
Major & Replacement Care	50%	35%	50%	35%	50%	35%

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Valuation Date:	September 30, 2016
Disclosure Date:	September 30, 2017
GASB 75 Reporting Date:	September 30, 2018
Municipal Bond Rate:	3.63%, based on the Bond Buyer 20-Bond GO Index published on September 30, 2017.
Discount Rate (GASB):	3.63%, compounded annually, for the measurement as of September 30, 2017. 3.058%, compounded annually, for the measurement as of September 30, 2016. Based on a tax-exempt, high-quality municipal bond rate.
Discount Rate (ADEC):	3.058%, compounded annually, for development of the Actuarially Determined Contribution (ADEC) for the period ending September 30, 2018.
Amortization Method:	Level dollar amount over 30 years on an open amortization period for pay-as-you-go funding.
Salary Increases:	7.5% per year for the first 5 years of service, 6% for 5-10 years, 5% for 11-15 years and 4.5% for service over 15 years.

Health Care Cost Trend Rates:

<u>Year</u>	<u>Current</u>
1	8.00%
2	7.75%
3	7.50%
4	7.25%
5	7.00%
6	6.75%
7	6.50%
8	6.25%
9	6.00%
10	5.75%
11	5.50%
12	5.25%
13	5.00%
14	4.75%
15	4.50%
Ultimate	4.50%

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Health Care Cost Trend Rates (continued):	Health care trend assumptions begin at current levels and grade down over a period of years to a lower level equal to some real rate plus inflation. The principal components of health trend are medical inflation, deductible erosion, cost shifting, utilization, technology and catastrophic claims. The overall effect of these components are expected to decline year by year.
Dental Trend Rates:	4% per year.
Inflation:	3% per year.
Participation Rates:	Medical - 100% of eligible retired employees will elect to participate. Dental - 100% of eligible retirees will elect to participate. Life - 100% of eligible retirees will elect to participate.
Medicare Enrollment:	15% of current and future retirees are assumed to enroll in Medicare and will enroll in a Retiree Supplemental Plan upon attainment of age 65. All employees retired prior to September 28, 2008 are assumed ineligible for Medicare upon attainment of age 65 and therefore will not enroll in a Medicare Supplemental Plan.
Dependent Status:	Male spouses are assumed to be three years older and female spouses are assumed to be three years younger than the retired employee. 60% of employees are assumed to retire with a covered spouse. For current retired employees, the actual census information is used.
Actuarial Cost Method:	Entry Age Normal. The costs of each employee's postemployment benefits are allocated as a level basis over the earnings of the employee between the employee's date of hire and the assumed exit ages.
Employee Data:	Employee and retiree data were submitted by the Government. We made reasonable adjustments for missing or invalid data.
Mortality Rates:	Healthy Retiree: RP-2000 Combined Healthy Mortality Table, set forward 4 years and 1 year for males and females, respectively. No provision was made for future mortality improvement.

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Mortality Rates (continued): Disabled Retiree: RP-2000 Disabled Mortality Table for males and females.

The actuarial valuation is performed using a mortality table which produces much shorter life expectancies than is typically seen in a US retiree medical actuarial valuation. Milliman, the current pension actuary, performed an actuarial experience study of the experience from 2007 to 2011 in 2013 which justified the use of the current mortality table. We recommend that this be monitored closely, particularly in light of anticipated future improvement in mortality which is not contemplated in the current actuarial valuation.

Withdrawal Rates:

<u>Service</u>	<u>Rates</u>	<u>Service</u>	<u>Rates</u>
0	15.00%	11	4.50%
1	14.00%	12	4.00%
2	13.00%	13	3.50%
3	12.00%	14	3.00%
4	11.00%	15	2.50%
5	10.00%	16	2.00%
6	9.00%	17	2.00%
7	8.00%	18	2.00%
8	7.00%	19	2.00%
9	6.00%	20 & over	2.00%
10	5.00%		

Disability Rates:

<u>Age</u>	<u>Male</u>	<u>Age</u>	<u>Female</u>
20-39	0.05%	20-39	0.05%
40-44	0.10%	40-44	0.10%
45-49	0.18%	45-49	0.18%
50-54	0.32%	50-54	0.32%
55-59	0.53%	55-59	0.53%
60-64	0.76%	60-64	0.76%

55% of disabilities for non-uniformed employees and 90% of disabilities for uniformed employees are assumed job-related.

Retirement Rates:

40% of employees are assumed to retire at earliest eligibility for unreduced benefits under the Government of Guam Retirement Fund, 15% per year thereafter until age 65, 20% per year thereafter until age 70 and 100% at age 70.

Previously, 50% of employees were assumed to retire at first eligibility for postretirement health benefits, 20% per year thereafter until age 70, and 100% at age 70.

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Claim Rates:

Claim rates by age for the non-Medicare medical plans were determined from the FY2017 premium rates provided by the client. The premium rate differences by plan option, network and coverage type seemed to differ from expected relationships. We therefore developed an adjusted average rate for the 2000 HSA/HDHP and 1500 PPO based on expected relationships such that the total premium calculated under both the provided premium rates and the adjusted premium rates yielded the same total. It was then assumed that 23 percent of retirees elect the 2000 HSA/HDHP option and 77 percent of retirees elect the 1500 PPO option.

SECTION 6 - ACTUARIAL ASSUMPTIONS AND METHODS

Medical Per Capita Costs: Annual per capita costs for the fiscal year beginning October 1, 2016 are as follows:

Age	Medicare-Eligible				Disabled		Non-Medicare-Eligible			
	Retiree		Spouse		Male	Female	Retiree		Spouse	
	Male	Female	Male	Female			Male	Female	Male	Female
55	4,018	4,427	5,568	6,135	8,035	8,854	4,018	4,427	5,568	6,135
60	5,180	5,167	6,883	6,866	10,359	10,333	5,180	5,167	6,883	6,866
65	4,309	3,960	4,309	3,960	13,306	12,597	6,653	6,299	8,460	8,009
70	5,124	4,716	5,124	4,716	16,226	14,943	8,113	7,471	10,316	9,501
75	5,667	5,244	5,667	5,244	19,265	17,379	9,633	8,690	12,249	11,051
80	6,004	5,648	6,004	5,648	22,285	19,762	11,142	9,881	13,531	12,000
85	6,305	6,116	6,305	6,116	24,922	22,019	12,461	11,010	13,707	12,110
90	6,520	6,457	6,520	6,457	27,168	23,864	13,584	11,932	14,943	13,125

Dental Per Capita Costs: Annual per capita costs for the fiscal year beginning October 1, 2016 are \$466.

Medicare Part B and Part D Per Capita Reimbursement: Annual per capita costs for eligible retirees and survivors for the fiscal year beginning October 1, 2016 are \$2,426.

Medical Per Capita Contributions: Annual average per capita participant contributions for the fiscal year beginning October 1, 2016 are as follows:

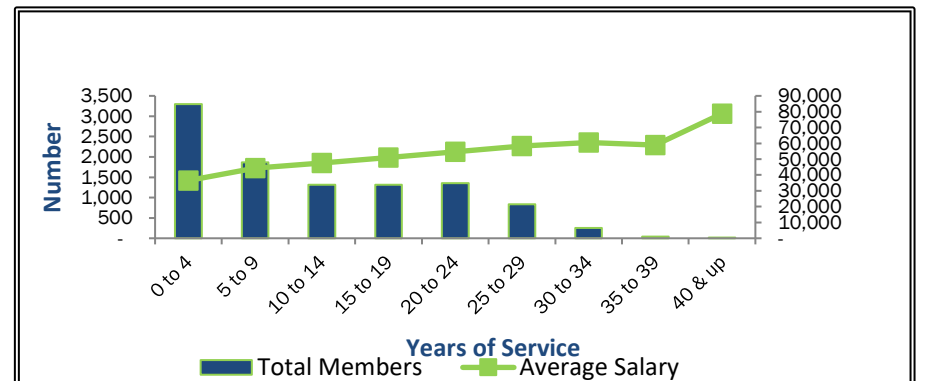
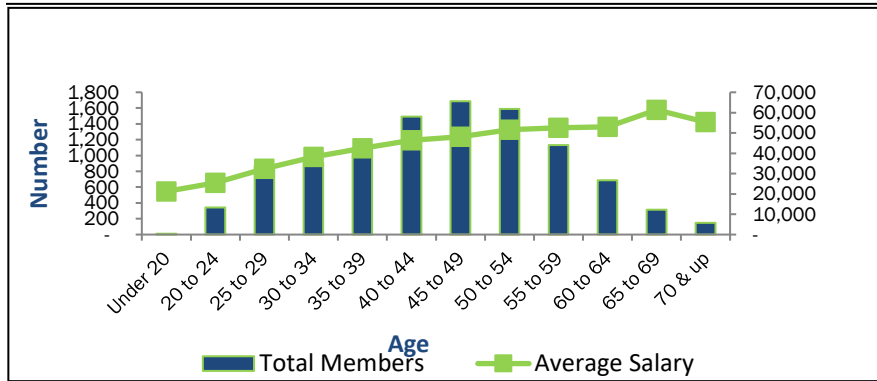
	<u>Pre-Medicare</u>	<u>Medicare</u>
Retirees	\$591	\$0
Spouses	\$1,550	\$0

Dental Per Capita Contributions: Annual average per capita participant contributions for the fiscal year beginning October 1, 2016 are \$262.

SECTION 7 - PLAN MEMBER INFORMATION

TABLE 7.1 - ACTIVE MEMBERS BY AGE and YEARS OF SERVICE AS OF SEPTEMBER 30, 2016

Age	Years of Service									Total	Total Salary	Average Salary
	0 to 4	5 to 9	10 to 14	15 to 19	20 to 24	25 to 29	30 to 34	35 to 39	40 & up			
Under 20	11	-	-	-	-	-	-	-	-	11	233,462	21,224
20 to 24	338	4	-	-	-	-	-	-	-	342	8,680,819	25,383
25 to 29	696	173	4	-	-	-	-	-	-	873	28,247,769	32,357
30 to 34	485	310	109	7	-	-	-	-	-	911	34,821,824	38,224
35 to 39	418	282	240	150	7	-	-	-	-	1,097	46,554,312	42,438
40 to 44	374	267	256	366	217	13	-	-	-	1,493	69,169,490	46,329
45 to 49	338	290	216	240	391	199	11	-	-	1,685	81,126,632	48,146
50 to 54	250	234	190	210	308	296	99	2	-	1,589	81,862,504	51,518
55 to 59	185	156	154	135	227	180	82	15	-	1,134	59,600,183	52,557
60 to 64	125	87	83	118	124	90	37	17	4	685	36,331,875	53,039
65 to 69	44	38	43	63	55	43	18	4	7	315	19,321,550	61,338
70 & up	33	22	18	24	24	12	9	2	3	147	8,148,534	55,432
Total	3,297	1,863	1,313	1,313	1,353	833	256	40	14	10,282	474,098,955	46,110
Total Salary	120,386,139	82,720,065	62,591,439	66,908,397	73,992,703	48,520,163	15,517,538	2,359,137	1,103,374			
Average Salary	36,514	44,402	47,671	50,958	54,688	58,247	60,615	58,978	78,812			
Average Age:							45.7	Average Service:		11.8		



SECTION 7 - PLAN MEMBER INFORMATION

TABLE 7.2 - RETIRED MEMBERS, COVERED SPOUSES and SURVIVORS AS OF SEPTEMBER 30, 2016

Age	SelectCare 2000	TakeCare 2000	NetCare 2000	SelectCare 1500	TakeCare 1500	NetCare 1500	SelectCare RSP	TakeCare RSP	NetCare RSP	Total
Under 40	1	0	0	3	1	1	0	0	0	6
40 to 44	1	0	0	2	1	1	0	0	0	5
45 to 49	7	1	0	34	2	2	0	1	0	47
50 to 54	31	1	3	125	20	14	0	0	0	194
55 to 59	96	10	7	299	16	32	0	1	0	461
60 to 64	153	9	9	554	40	41	6	2	2	816
65 to 69	160	7	8	489	31	15	117	16	10	853
70 to 74	129	3	1	338	11	6	118	6	7	619
75 to 79	87	1	0	228	7	9	60	6	4	402
80 to 84	56	0	1	158	5	1	33	1	1	256
85 to 89	25	1	0	91	1	1	13	2	0	134
90+	12	0	0	33	0	0	2	0	0	47
Total	758	33	29	2,354	135	123	349	35	24	3,840
Covered Spouses	134	14	8	541	45	36	42	3	5	828
Average Age: 68.9										

In addition, there are 3,502 retirees, survivors and covered spouses that are not covered under any medical plan but are covered under either a life insurance policy and/or a dental plan which the Government contributes to.

SECTION 8 - GLOSSARY OF TERMS

Actuarial Assumptions – Assumptions as to the occurrence of future events affecting OPEB costs, such as mortality, withdrawal, disability and retirement; changes in compensation and OPEB benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

Actuarial Cost Method (or Funding Method) – A procedure for allocating the Actuarial Present Value of projected benefit payments to the current year (Service Cost) and the past (Total OPEB Liability).

Actuarial Gain or Loss (or Experience Gain or Loss) – A measure of the difference between actual experience and that expected based upon the set of Actuarial Assumptions during the period between the valuation date and the most recent immediately preceding valuation date.

Actuarial Present Value of Projected Benefit Payments – The dollar value on the valuation date of all benefits expected to be paid to current members based upon the Actuarial Assumptions and the terms of the Plan.

Actuarially Determined Contribution – A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

Actuarial Valuation Date – The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

Deferred Inflow of Resources – Acquisition of resources by a governmental entity that is applicable to future reporting periods. Under GASB 75, deferred inflows of resources are made up of experience gains, assumption changes reducing the Total OPEB Liability and investment gains that are recognized in future reporting periods.

Deferred Outflow of Resources – Consumption of resources by a governmental entity that is applicable to future reporting periods. Under GASB 75, deferred outflows of resources are made up of experience losses, assumption changes increasing the Total OPEB Liability and investment losses that are recognized in future reporting periods.

Entry Age Normal Actuarial Cost Method – A method under which the actuarial present value of the projected benefits of each individual in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit age.

Explicit Subsidy – The difference between (a) the blended rates based on combined active and retired member experience and (b) actual cash contributions made by the employer.

Fiduciary Net Position – The fair market value of assets as of the measurement date.

Funded Ratio – The Actuarial Value of Assets expressed as a percentage of the Actuarial Accrued Liability.

SECTION 8 - GLOSSARY OF TERMS

GASB – Governmental Accounting Standards Board.

Health Cost Trend Rate – The rate of change in per capita health claims cost over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Implicit Subsidy – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group and (b) the blended rates based on combined active and retired member experience.

Measurement Date – The date as of which the Total OPEB Liability and Fiduciary Net Position are measured.

Net OPEB Liability – The liability of the employer for benefits provided through an OPEB plan. It is calculated as the Total OPEB Liability less the Fiduciary Net Position.

OPEB – Other Postemployment Benefits including medical, dental, vision, hearing and life insurance benefits.

Pay-As-You-Go – A method of financing an OPEB plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

Present Value of Future Benefits – The actuarial present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value of money and the probabilities of payment.

Reporting Date – The last day of the Plan or employer's fiscal year.

Service Cost – The portion of the actuarial present value of projected benefit amounts that is attributed to a valuation year.

Substantive Plan – The terms of an OPEB plan as understood by the employer and plan members.

Total OPEB Liability – The portion of the actuarial present value of projected benefit amounts that is attributed to past periods of employee service.

Unfunded Actuarial Accrued Liability – The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets.

Valuation Date – The date as of which an actuarial valuation is performed. The valuation is as of a date no more than 30 months and 1 day earlier than the employer's most recent fiscal year-end.

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

The schedule of OPEB Amounts by Governmental Agency is provided in Section 9. The schedule shows the Total OPEB Liability, the various categories of Deferred Outflows of Resources and Deferred Inflows of Resources and OPEB Expense for each Governmental Agency. The schedule includes the differences between expected and actual experience and changes of assumptions. Further, each Governmental Agency is required to recognize Deferred Outflows of Resources and Deferred Inflows of Resources related to (1) the net impact from changes in proportion between periods and (2) differences between actual contributions made by a Governmental Agency and their proportionate share of contributions.

Each Governmental Agency's allocation of OPEB Expense can be based on the proportion of its Total OPEB Liability to the aggregate amount of Governmental Agency Total OPEB Liability.

Under GASB 75, gains and losses (experience or assumption changes) and changes in Governmental Agency's proportionate shares related to OPEB are recognized in OPEB Expense systematically over time.

The first amortized amounts are recognized in OPEB Expense for the year the gain or loss occurs. The remaining amounts are categorized as Deferred Inflows and Deferred Outflows to be recognized in future OPEB Expense.

The amortization is a straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (actives, inactive and retirees) as of the beginning of the measurement period

For 2017:

- ◆ Deferred Outflows of Resources, Deferred Inflows of Resources and OPEB Expense are allocated to each Governmental Agency based on its proportionate share of Total OPEB Liability shown in Exhibit 9.2.
- ◆ The difference between expected and actual experience is amortized over the average of the expected future service lives of all participants. For 2017, the experience gain or loss is zero because the Total OPEB Liability is based on a roll forward from the beginning of the measurement period.
- ◆ The change in Total OPEB Liability as a result of changes in assumptions is amortized over the average of the expected future service lives of all participants, with the first amortized amount recognized in OPEB Expense in the current year.
- ◆ The net effect of the difference in the Governmental Agency's proportionate shares of the collective Governmental Agency contribution and the actual Governmental Agency contribution is amortized over the average expected remaining service lives of all members, with the first amortized amount recognized in OPEB Expense in the current year.
- ◆ The net effect of the change in the Governmental Agency's proportionate shares of the collective Total OPEB Liability, collective Deferred Outflows and Deferred Inflows is amortized over the average expected remaining service lives of all members, with the first amortized amount recognized in OPEB Expense in the current year.

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

EXHIBIT 9.1 - Demographic Data as of the Valuation Date, September 30, 2016

	Active Members			Retired Members and Survivors		Covered Spouses
	Count	Average Age	Average Service	Count	Average Age	Count
Primary Government:						
GovGuam Line Agencies	3,407	46.6	11.5	2,573	68.2	312
GovGuam Retirement Fund	38	50.8	15.5	26	67.1	1
Guam Legislature	48	46.2	11.1	97	73.9	8
Guam Department of Education	3,188	44.9	11.9	2,116	70.1	175
Public Defender Service Corporation	62	43.7	10.7	23	64.5	3
Unified Courts of Guam	308	41.3	11.4	154	66.6	12
Guam Telephone Authority	0	0.0	0.0	158	67.8	22
Total Primary Government	7,051	45.6	11.7	5,147	69.0	533
Component Units:						
Antonio B. Won Pat International Airport Authority	232	44.9	12.5	90	66.8	13
Guam Community College	241	47.6	10.4	185	69.7	11
Guam Economic Development Authority	33	41.8	7.0	15	65.9	1
Guam Housing Corporation	23	53.3	18.3	33	68.4	10
Guam Housing and Urban Renewal Authority	92	47.0	9.4	50	70.4	1
Guam Memorial Hospital Authority	945	44.2	10.3	465	70.2	62
Guam Power Authority	455	48.1	16.3	398	66.6	74
Guam Visitors Bureau	38	41.5	9.9	15	68.4	1
Guam Waterworks Authority	309	44.0	10.8	278	65.1	52
Port Authority of Guam	343	45.3	11.8	280	69.3	40
University of Guam	511	48.9	14.0	383	71.3	29
KGTF	9	52.0	16.9	3	62.3	1
Total Component Units	3,231	46.0	12.1	2,195	68.7	295
Total	10,282	45.7	11.8	7,342	68.9	828

SECTION 9 - BREAKOUT OF RESULTS BY AGENCY

EXHIBIT 9.2 - Total OPEB Liability/Proportionate Share

The basis of an employer's allocation of the collective OPEB amount is based on the Total OPEB Liability as of the end of the measurement period. The schedule of Governmental Agency proportionate share for 2017 and 2016, based on the Total OPEB Liability as of September 30, 2017 and September 30, 2016, respectively, shows the proportionate relationship of each Governmental Agency to all Governmental Agencies and each Governmental Agency's allocation percentage, or proportionate share.

	As of September 30, 2017		As of September 30, 2016	
	Total OPEB Liability	Proportionate Share	Total OPEB Liability	Proportionate Share
Primary Government:				
GovGuam Line Agencies	820,620,484	33.76%	854,143,359	33.72%
GovGuam Retirement Fund	11,237,415	0.46%	11,891,310	0.47%
Guam Legislature	16,009,003	0.66%	16,879,152	0.67%
Guam Department of Education	726,529,256	29.89%	756,133,583	29.85%
Public Defender Service Corporation	11,882,453	0.49%	12,333,876	0.49%
Unified Courts of Guam	63,008,285	2.59%	65,904,663	2.60%
Guam Telephone Authority	23,992,237	0.99%	25,891,526	1.02%
Total Primary Government	1,673,279,133	68.84%	1,743,177,469	68.82%
Component Units:				
Antonio B. Won Pat International Airport Authority	46,614,484	1.92%	48,343,156	1.91%
Guam Community College	49,740,344	2.05%	51,326,386	2.03%
Guam Economic Development Authority	3,875,385	0.16%	3,905,495	0.15%
Guam Housing Corporation	11,223,930	0.46%	11,881,411	0.47%
Guam Housing and Urban Renewal Authority	14,924,532	0.61%	15,314,916	0.60%
Guam Memorial Hospital Authority	178,049,315	7.32%	183,586,849	7.25%
Guam Power Authority	145,955,861	6.00%	154,134,007	6.09%
Guam Visitors Bureau	5,672,967	0.23%	5,779,432	0.23%
Guam Waterworks Authority	88,950,661	3.66%	93,748,336	3.70%
Port Authority of Guam	84,786,658	3.49%	88,837,187	3.51%
University of Guam	125,480,519	5.16%	130,132,437	5.14%
KGTF	2,494,883	0.10%	2,585,959	0.10%
Total Component Units	757,769,539	31.16%	789,575,571	31.18%
Total	2,431,048,672	100.00%	2,532,753,040	100.00%

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

EXHIBIT 9.3 - Sensitivity of the Total OPEB Liability To Changes in the Discount Rate and Healthcare Cost Trend Rates

	Discount Rate		Healthcare Cost Trend Rates	
	1% Decrease	1% Increase	1% Decrease	1% Increase
Primary Government:				
GovGuam Line Agencies	975,501,046	696,392,337	673,729,262	1,012,355,164
GovGuam Retirement Fund	13,358,319	9,536,259	9,225,916	13,862,992
Guam Legislature	19,030,477	13,585,509	13,143,388	19,749,442
Guam Department of Education	863,651,424	616,544,940	596,480,381	896,279,897
Public Defender Service Corporation	14,125,099	10,083,649	9,755,492	14,658,740
Unified Courts of Guam	74,900,212	53,469,890	51,729,790	77,729,918
Guam Telephone Authority	28,520,434	20,360,216	19,697,622	29,597,927
Total Primary Government	1,989,087,011	1,419,972,800	1,373,761,851	2,064,234,080
Component Units:				
Antonio B. Won Pat International Airport Authority	55,412,312	39,557,835	38,270,482	57,505,771
Guam Community College	59,128,134	42,210,492	40,836,813	61,361,975
Guam Economic Development Authority	4,606,809	3,288,717	3,181,690	4,780,853
Guam Housing Corporation	13,342,289	9,524,816	9,214,844	13,846,356
Guam Housing and Urban Renewal Authority	17,741,327	12,665,209	12,253,038	18,411,589
Guam Memorial Hospital Authority	211,653,616	151,095,642	146,178,454	219,649,822
Guam Power Authority	173,502,975	123,860,597	119,829,734	180,057,861
Guam Visitors Bureau	6,743,660	4,814,175	4,657,505	6,998,433
Guam Waterworks Authority	105,738,846	75,485,026	73,028,476	109,733,625
Port Authority of Guam	100,788,946	71,951,383	69,609,830	104,596,720
University of Guam	149,163,200	106,484,878	103,019,482	154,798,538
KGTF	2,965,757	2,117,200	2,048,298	3,077,802
Total Component Units	900,787,871	643,055,970	622,128,646	934,819,345
Total	2,889,874,882	2,063,028,770	1,995,890,497	2,999,053,425

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

**EXHIBIT 9.4 - Total OPEB Liability/OPEB Expense as of September 30, 2017
To be Reported as of September 30, 2018**

	Total OPEB Liability	Proportionate Share of OPEB Expense	Net Amortization from Changes in Proportion/ Differences Between Employer Contributions and Proportionate Share	Total OPEB Expense
Primary Government:				
GovGuam Line Agencies	820,620,484	64,896,880	100,497	64,997,377
GovGuam Retirement Fund	11,237,415	888,685	(54,784)	833,901
Guam Legislature	16,009,003	1,266,035	(50,575)	1,215,460
Guam Department of Education	726,529,256	57,455,893	618,094	58,073,987
Public Defender Service Corporation	11,882,453	939,696	15,131	954,827
Unified Courts of Guam	63,008,285	4,982,865	31,348	5,014,213
Guam Telephone Authority	23,992,237	1,897,371	(306,111)	1,591,260
Total Primary Government	1,673,279,133	132,327,425	353,600	132,681,025
Component Units:				
Antonio B. Won Pat International Airport Authority	46,614,484	3,686,399	79,829	3,766,228
Guam Community College	49,740,344	3,933,601	71,334	4,004,935
Guam Economic Development Authority	3,875,385	306,476	35,257	341,733
Guam Housing Corporation	11,223,930	887,619	(79,336)	808,283
Guam Housing and Urban Renewal Authority	14,924,532	1,180,272	57,209	1,237,481
Guam Memorial Hospital Authority	178,049,315	14,080,620	486,471	14,567,091
Guam Power Authority	145,955,861	11,542,583	(682,783)	10,859,800
Guam Visitors Bureau	5,672,967	448,634	30,304	478,938
Guam Waterworks Authority	88,950,661	7,034,458	(243,323)	6,791,135
Port Authority of Guam	84,786,658	6,705,158	(121,355)	6,583,803
University of Guam	125,480,519	9,923,338	12,097	9,935,435
KGTF	2,494,883	197,302	696	197,998
Total Component Units	757,769,539	59,926,460	(353,600)	59,572,860
Total	2,431,048,672	192,253,885	0	192,253,885

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

EXHIBIT 9.5 - Deferred Outflows as of September 30, 2017 To be Reported as of September 30, 2018

	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion/ Differences Between Employer Contributions and Proportionate Share	Total Deferred Outflows of Resources
Primary Government:				
GovGuam Line Agencies	0	61,017,864	1,292,510	62,310,374
GovGuam Retirement Fund	0	835,567	0	835,567
Guam Legislature	0	1,190,362	116,237	1,306,599
Guam Department of Education	0	54,021,639	2,501,828	56,523,467
Public Defender Service Corporation	0	883,529	87,224	970,753
Unified Courts of Guam	0	4,685,029	490,305	5,175,334
Guam Telephone Authority	0	1,783,961	0	1,783,961
Total Primary Government	0	124,417,951	4,488,104	128,906,055
Component Units:				
Antonio B. Won Pat International Airport Authority	0	3,466,056	417,226	3,883,282
Guam Community College	0	3,698,481	350,702	4,049,183
Guam Economic Development Authority	0	288,157	158,816	446,973
Guam Housing Corporation	0	834,564	0	834,564
Guam Housing and Urban Renewal Authority	0	1,109,725	264,694	1,374,419
Guam Memorial Hospital Authority	0	13,238,993	2,237,996	15,476,989
Guam Power Authority	0	10,852,660	0	10,852,660
Guam Visitors Bureau	0	421,818	134,969	556,787
Guam Waterworks Authority	0	6,613,994	0	6,613,994
Port Authority of Guam	0	6,304,377	0	6,304,377
University of Guam	0	9,330,200	288,460	9,618,660
KGTF	0	185,509	12,750	198,259
Total Component Units	0	56,344,534	3,865,613	60,210,147
Total	0	180,762,485	8,353,717	189,116,202

Government of Guam Postemployment Benefits Other Than Pensions
Financial Reporting and Disclosures Under GASB 75 Measured as of September 30, 2017

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

EXHIBIT 9.6 - Deferred Inflows as of September 30, 2017 To be Reported as of September 30, 2018

	Differences Between Expected and Actual Experience	Changes of Assumptions	Changes in Proportion/ Differences Between Employer Contributions and Proportionate Share	Total Deferred Inflows of Resources
Primary Government:				
GovGuam Line Agencies	0	70,320,735	631,029	70,951,764
GovGuam Retirement Fund	0	962,958	255,891	1,218,849
Guam Legislature	0	1,371,846	296,394	1,668,240
Guam Department of Education	0	62,257,855	0	62,257,855
Public Defender Service Corporation	0	1,018,233	32,959	1,051,192
Unified Courts of Guam	0	5,399,316	454,910	5,854,226
Guam Telephone Authority	0	2,055,946	1,286,617	3,342,563
Total Primary Government	0	143,386,889	2,957,800	146,344,689
Component Units:				
Antonio B. Won Pat International Airport Authority	0	3,994,495	120,270	4,114,765
Guam Community College	0	4,262,357	0	4,262,357
Guam Economic Development Authority	0	332,090	0	332,090
Guam Housing Corporation	0	961,803	336,587	1,298,390
Guam Housing and Urban Renewal Authority	0	1,278,915	0	1,278,915
Guam Memorial Hospital Authority	0	15,257,429	0	15,257,429
Guam Power Authority	0	12,507,272	3,075,675	15,582,947
Guam Visitors Bureau	0	486,129	0	486,129
Guam Waterworks Authority	0	7,622,374	1,119,526	8,741,900
Port Authority of Guam	0	7,265,551	549,060	7,814,611
University of Guam	0	10,752,696	182,367	10,935,063
KGTF	0	213,792	12,431	226,223
Total Component Units	0	64,934,903	5,395,916	70,330,819
Total	0	208,321,792	8,353,716	216,675,508

Government of Guam Postemployment Benefits Other Than Pensions
Financial Reporting and Disclosures Under GASB 75 Measured as of September 30, 2017

SECTION 9 - BREAKOUT OF RESULTS BY GOVERNMENTAL AGENCY

EXHIBIT 9.7 - Deferred Outflows of Resources and Deferred Inflows of Resources Recognized in OPEB Expense

	2018	2019	2020	2021	2022	Thereafter
Primary Government:						
GovGuam Line Agencies	1,270,958	1,270,958	1,270,958	1,270,958	(13,450,212)	(275,011)
GovGuam Retirement Fund	(38,756)	(38,756)	(38,756)	(38,756)	(223,708)	(4,550)
Guam Legislature	(27,741)	(27,741)	(27,741)	(27,741)	(245,674)	(5,003)
Guam Department of Education	1,654,350	1,654,350	1,654,350	1,654,350	(12,104,091)	(247,697)
Public Defender Service Corporation	32,079	32,079	32,079	32,079	(204,572)	(4,183)
Unified Courts of Guam	121,217	121,217	121,217	121,217	(1,140,432)	(23,328)
Guam Telephone Authority	(271,891)	(271,891)	(271,891)	(271,891)	(461,725)	(9,313)
Total Primary Government	2,740,216	2,740,216	2,740,216	2,740,216	(27,830,414)	(569,085)
Component Units:						
Antonio B. Won Pat International Airport Authority	146,316	146,316	146,316	146,316	(800,353)	(16,394)
Guam Community College	142,279	142,279	142,279	142,279	(766,589)	(15,701)
Guam Economic Development Authority	40,784	40,784	40,784	40,784	(47,275)	(978)
Guam Housing Corporation	(63,327)	(63,327)	(63,327)	(63,327)	(206,330)	(4,188)
Guam Housing and Urban Renewal Authority	78,496	78,496	78,496	78,496	(214,078)	(4,402)
Guam Memorial Hospital Authority	740,424	740,424	740,424	740,424	(2,686,999)	(55,137)
Guam Power Authority	(474,605)	(474,605)	(474,605)	(474,605)	(2,775,417)	(56,450)
Guam Visitors Bureau	38,395	38,395	38,395	38,395	(81,250)	(1,672)
Guam Waterworks Authority	(116,452)	(116,452)	(116,452)	(116,452)	(1,628,904)	(33,194)
Port Authority of Guam	(423)	(423)	(423)	(423)	(1,478,368)	(30,174)
University of Guam	191,071	191,071	191,071	191,071	(2,038,997)	(41,690)
KGTF	4,254	4,254	4,254	4,254	(44,078)	(902)
Total Component Units	727,212	727,212	727,212	727,212	(12,768,638)	(260,882)
Total	3,467,428	3,467,428	3,467,428	3,467,428	(40,599,052)	(829,967)

APPENDIX A - SCHEDULE OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES

Year		Differences between Expected and Actual Experience	Recognition Period (Years)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	\$	-		-	-	-	-	-	-	-	-	-	-
2017	\$	-		-	-	-	-	-	-	-	-	-	-
Net Increase (Decrease) in OPEB Expense				-	-	-	-	-	-	-	-	-	-

Year		Changes of Assumptions	Recognition Period (Years)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
2016	\$	270,694,071	6.02	44,965,793	44,965,793	44,965,793	44,965,793	44,965,793	44,965,793	899,313	-	-	-
2017	\$	(249,820,157)	6.02	-	(41,498,365)	(41,498,365)	(41,498,365)	(41,498,365)	(41,498,365)	(41,498,365)	(829,967)	-	-
Net Increase (Decrease) in OPEB Expense				44,965,793	3,467,428	3,467,428	3,467,428	3,467,428	3,467,428	(40,599,052)	(829,967)	-	-

Government of Guam Postemployment Benefits Other Than Pensions
Financial Reporting and Disclosures Under GASB 75 Measured as of September 30, 2017